DOCUMENT RESUME

ED 411 349 UD 031 881

TITLE	Index of Hispanic Economic Indicators.
INSTITUTION	National Council of La Raza, Washington, DC.
PUB DATE	1997-07-00
NOTE	9p.
PUB TYPE	Reports - Evaluative (142)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Census Figures; *Disadvantaged Youth; Economic Factors; *Educational Attainment; *Hispanic Americans; Immigrants; *Income; Labor Force; Low Income Groups; Minority Groups; *Poverty; Urban Problems
IDENTIFIERS	*Economic Indicators; *Latinos

ABSTRACT

One in 10 Americans is of Hispanic origin, and Census projections show that in about 10 years, Hispanics will constitute the largest minority group in the United States and, by 2035, 1 in 5 Americans will be Hispanic. This survey of leading and lagging indicators of economic well-being shows that on several measures, Hispanics have demonstrated economic stability and even some upward mobility. Latino men are more likely than any other group to be working or looking for work, and Hispanic women have increased their participation in the work force over the last decade. In the past 5 years, both the number of Hispanic-owned businesses and the total dollars spent by Latinos in the economy have increased significantly. At the other end of the economic spectrum, a substantial proportion of Latino families face serious economic challenges. Hispanics have the lowest levels of educational attainment of all Americans, and in 1995, Latinos were the only group to experience a 5.1% drop in median income. Household income among Hispanics is currently only about two-thirds that of White household income. Hispanics are the poorest of all the racial and ethnic population groups in the United States, and the largest share of the increase in poverty among Hispanics has been for two-parent households. Another concern is that the proportion of Hispanics who have no health insurance is substantial. This is, in part, explained by the fact that Hispanic workers tend to be in low-wage, low-growth jobs, and consequently are especially likely to spend a large share of their income on rent. The typically low socioeconomic status of Latino immigrants affects the overall profile of Hispanics, but it does not fully account for these striking disparities, since the majority of Hispanics are not immigrants. (Contains 21 references.) (SLD)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 411 349

NCLR
NATIONAL COUNCIL OF LA RAZA

Index of Hispanic Economic Indicators

July 1997

Embargoed Until
Monday, July 21, 1997, 11:00 a.m.

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

X This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY

A. Escudero
NCLR

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

UD031881

BEST COPY AVAILABLE

Overview

One in ten Americans is of Hispanic origin (10.7%). Census projections show that, in about 10 years, Hispanics will constitute the largest minority group in the U.S. and, by 2035, one in five Americans will be Hispanic.

On several measures related to economic well-being, Hispanics have demonstrated economic stability and even some upward mobility. Latino men are more likely than any other group of men to be working or looking for work and Hispanic women have increased their participation in the workforce over the past decade; in particular, the proportion of Hispanic women in professional and managerial positions, as well as among business owners, is growing. In the past five years, both the number of Hispanic-owned businesses and the total dollars spent by Latinos in the economy have increased significantly. Furthermore, research shows almost two of every five people hired for new jobs in 1996 were Latino and that there is a rapidly growing, and increasingly prosperous, middle class in one of the nation's key states, California.

On the other end of the economic spectrum, a substantial proportion of Latino families face several serious economic challenges. Hispanics have the lowest levels of educational attainment of all Americans. In 1995, Latinos were the only group to experience a 5.1% drop in median income; household income among Hispanics is currently only about two-thirds that of White household income. Hispanics are now the poorest of all major racial/ethnic populations in the U.S. and the largest share of the increase in Hispanic poverty since 1992 has been among married-couple families. Although they are especially likely to grow up in a married-couple family with at least one full-time worker, two in every five Latino children are poor. Another serious concern is that the proportion of Hispanics – including those who are employed -- who have no health insurance is substantial. This is in part explained by the jobs in which Latinos are especially likely to be concentrated. Hispanic workers, in general, tend to be in low-wage, low-growth jobs and are underrepresented in professional and managerial positions in all sectors of the economy. As a whole, Hispanics are especially likely to spend a sizeable share of their income on rent and are less likely than either Whites or African Americans to be homeowners. Finally, while the typically low socioeconomic status of Latino immigrants affects the overall profile of Hispanics, it does not fully account for these striking disparities, since the majority of Hispanics are not immigrants.

Leading Indicators

Trends that Illustrate the Economic Mobility of Latinos

Recent research highlights the following leading indicators in the economic mobility of Hispanics:

- **Highest Male Labor Force Participation Rate.** In 1996, 66.5% of the Hispanic population 16 years and over, or 12.8 million persons, were in the civilian labor force, which was comparable to Whites (67.2%), and slightly more than Blacks (64.1%). However, a greater percentage of Hispanic men 16 years and over were working or looking for work than White and Black men in 1996, 79.6% compared to 75.8% and 68.7%, respectively.

- **Economic Force of Latina Women.** Latinas have traditionally had lower labor force participation rates and lower wages than either White or Black women. But that rate has increased since 1990, especially in the managerial/professional sector. The percentage of Latinas who are classified as managers/professionals increased from 14.7% to 17.5% between 1990 and 1996, according to the U.S. Bureau of Labor Statistics. Furthermore, a greater proportion of Hispanic women are employed in managerial and professional occupations than Hispanic men (12.1%). In addition, data suggest that businesses owned by Hispanic women are one of the fastest-growing sectors in the economy.

- **Increase in and Strength of Hispanic Businesses.** The number of Hispanic-owned businesses has risen over the past decade. In 1992, the most recent data for which such data are available, 862,605 U.S. firms were owned by Hispanics, an increase of 76.1% since the last U.S. Census Bureau business survey in 1987. These firms generated over $76.8 billion in gross receipts in 1992, compared to $32.8 billion in 1987. Comparatively, the total number of U.S. firms increased 26.3%, from 13.7 million to 17.3 million, and total receipts approximately 67.0%, from $2.0 trillion to $3.3 trillion, over the same period.

- **Growing Latino Middle Class.** A recent study by Pepperdine University and AT&T documented a 23.1% increase in the number of U.S.-born Latino middle-class households in Southern California from 1980 to 1990. Furthermore, it found that 34.0% of all foreign-born Latino householders in the region were middle-class. These findings are mirrored in national figures which show an overall increase in the number of Hispanics with household incomes in the "middle class" brackets.

- **Significant Contributions to the Economy.** The purchasing power of Latinos has increased 65.5% since 1990 to $350 billion, according to a report by the University of Georgia's Selig Center for Economic Growth. Furthermore, this figure is expected to increase based on the economic strength of the Hispanic population and current population projections.

Lagging Indicators

Trends that Impede the Economic Progress of Latinos

Research and data point to several lagging indicators that help to explain the lack of economic mobility of a significant segment of Latino families and their children:

- **Low educational attainment, as well as a wide gap between Hispanic and non-Hispanic high school and college completion rates.** Data show that, as a whole, Hispanics have significantly lower levels of education than their non-Hispanic counterparts. In 1995, only 53.4% of Hispanics had graduated from high school, compared to 83.0% of Whites and 73.8% of African Americans. College completion rates also underscore a substantial educational gap between Latinos and non-Latinos; almost one in four (24.0%) Whites has a college degree, compared to fewer than one in ten (9.3%) Latinos and about one in eight African Americans (13.2%). Furthermore, more than two-thirds (67.4%) of poor Hispanic family heads of household do not have a high school diploma, compared to 41.1% of Black, and 43.1% of White, householders, an issue of extreme concern in an economy which increasingly requires greater levels of education and formal training for steady, well-paying employment.

- **Disparities and declines in median family income since 1990.** Hispanic median family income was $24,570 in 1995, compared to $42,646 for White families, and $25,970 for Black families. These figures represent an increase of 4.9% for Hispanic families from 1990 to 1995, 15.5% for White families, and 21.2% for Black families, over the same period. However, when accounting for inflationary increases in income, median income levels declined for both Hispanic (down 10.1%) and White (down 0.9%) families, but increased slightly for Black families (up 4.0%) between 1990 and 1995.

- **Rising rates of poverty, especially among children.** Despite their level of work effort and their likelihood of living in married-couple or family households, Hispanics are the only racial or ethnic group in the U.S. who have not benefited from the country's growing economy to the same degree as other Americans. In fact, in terms of poverty levels, Hispanics are economically worse off than they were five years ago during the height of the recession. About one in three Hispanics (30.3%), compared to 29.3% of African Americans and 11.2% of Whites, were poor in 1995. For Latinos, this rate has steadily increased from the early 1980s when the Hispanic poverty rate was 29.9%. Among children, poverty has increased dramatically, even when overall population growth is considered. Since 1980, the number of poor Hispanic children has increased by 133.3% (from 1.7 to 4.1 million), compared to 25.1% for White children (from 7.2 to 9.0 million) and 20.2% for Black children (from 4.0 to 4.8 million). In 1995, two in five Latino and African American children (40.0% and 41.9%, respectively), compared to 16.2% of White children, lived below federal poverty guidelines.

BEST COPY AVAILABLE

- **Economic losses among married-couple Latino families.** Data indicate that Latino married-couple families are losing ground economically compared to their non-Hispanic counterparts. In 1995, the median income for married-couple Hispanic families was $29,861, compared to $47,539 for married-couple White families and $41,307 for married-couple Black families. In addition, it has become increasingly difficult since the beginning of the decade for Hispanic married couple-families with at least one worker to stay out of poverty. In 1995, over one-third of Hispanic (33.2%) and Black (34.1%) families with children under 18 were poor, compared to 12.9% of comparable White families. Data show that poverty is also a serious problem among *working* Hispanics; almost one-third (30.4%) of poor Hispanic families had at least one year-round, full-time worker in 1995, higher than both Black (18.6%) and White (25.3%) families.

- **Significant share of Hispanics without health insurance coverage, despite their work effort.** The concentration of Hispanics in low-wage industries often means that they do not receive important employment benefits, such as health insurance. In fact, a notable proportion of Hispanics, especially Hispanics who are poor, lack medical coverage. In 1995, one-third (33.3%) of Hispanics, one-seventh (14.2%) of Whites and over one-fifth (21.0%) of Blacks were not covered by health insurance. Among the poor, two-fifths (40.8%) of Hispanics, one-third (33.3%) of Whites and less than one-quarter of Blacks (23.5%), did not have health insurance in 1995. The high proportion of poor Hispanics without health insurance may be explained, in part, by the overrepresentation of Hispanics among the working poor and, therefore, not eligible for Medicaid.

Additional Issues

Three other issues are important to consider in the economic well-being of Latinos, as highlighted below:

- **Stagnant niche in labor market.** Data show that Latino workers, as a group, are overrepresented in low-wage jobs in sectors of the economy that do not offer benefits, are not expected to grow, and/or are declining. According to 1996 Bureau of Labor Statistics data, the majority of male Hispanic workers are concentrated in either precision production, craft, and repair occupations (19.4%), or as operators, fabricators, or laborers (27.7%), while some of the fields projected to experience growth are managerial and professional specialty, and technical, sales, and administrative support occupations, which do not have a representative share of Latinos.

- **High housing costs and low homeownership rates.** Although the federal affordability standard assumes that households spend about one-third of their income on housing, preliminary 1995 data from the American Housing Survey indicate that one in five (21%) Hispanic households spent *more than half* their income on housing that year. In addition, despite constituting 24% of the poor in the U.S., Hispanics represent only 10-13% of renters in federal housing programs, including public housing. Another housing-related challenge that Hispanics face is that of increasing their share of homeowners; nearly one-half (49.7%) of Hispanic married-couple families

with children lived in owner-occupied housing in 1993, which was markedly less than the comparable homeownership rates for White (77.8%) and Black families (59.9%).

- **The overall low economic status of Hispanic immigrants.** Over three-fifths (62.1%) of U.S. Hispanics were native-born according to 1996 data, while less than two-fifths (38.0%) were foreign-born. Among children, the data for that same year indicate that this proportion is greater; 87.0% of the Hispanic population under age 18 were native-born. On average, Latino immigrants tend to have low levels of educational attainment and a socioeconomic profile that slightly depresses the statistical picture of Latinos overall. Despite the effect that the proportion of foreign-born Hispanics has on Latino socioeconomic status, research has shown that U.S.-born Hispanics are still three times more likely than native-born Whites to be poor. According to 1990 Census data, the poverty rate of U.S.-born Mexican Americans was 24.0%, while that of immigrant Mexicans was 28.6%. This compares to 8.7% for Whites.

Areas for Public Policy Investment

Together with individual effort, successful community-based self-help initiatives, and private-sector job creation, public policy has a role to play in strengthening and improving the economic prospects of Hispanics and their families. Several policy measures hold some promise, including:

- **Progressive tax reform.** Because Hispanics are especially likely to work, but are overrepresented among low-income workers, changes in tax policy offer some potential for lifting Hispanic income. For example, the Earned Income Tax Credit (EITC) was claimed by 2.7 million working Hispanic households in 1995, and helped both to raise their incomes and reduce Hispanic family poverty by 2.9 percentage points overall. By contrast, the tax bill recently passed by the Congress is inadequate in its support for dedicated work efforts of Hispanics and their families. More than half of the benefits and relief will go to the highest 5% of tax payers; it does virtually nothing to increase available income for low-wage Hispanic and other workers.

- **Education initiatives.** On the whole, public education has not been effective for Hispanics -- especially for low-income Latinos. A variety of efforts is needed from pre-school to higher education. These include expanding and improving early childhood education; increasing opportunities for adolescents, out-of-school youth, and adult learners; and increasing the proportion of Latino students enrolling in and graduating from college. In particular, support for innovative approaches, like community-based charter schools, is needed to help address both the poor quality and inadequate levels of schooling that adversely affect the job prospects of Latinos.

- **Homeownership.** Efforts to provide additional housing options for working poor Hispanic families are needed to help them build wealth and assets, and promote economically diverse, stable neighborhoods. Recent demonstration programs by NCLR and other organizations show that, at least in many major housing markets, significant numbers of low-income Latino renters can successfully make the transition to

BEST COPY AVAILABLE

homeownership. Successful programs are characterized by affirmative marketing in Hispanic neighborhoods, pre- and post-purchase financial counseling by community-based organizations, and flexible underwriting criteria; these innovative efforts deserve substantial public support.

- **Federal-level opportunities.** Latinos continue to be severely underrepresented in programs such as Head Start, Job Corps, and Job Training Partnership Act programs, which are meant to integrate low-income families into the economic mainstream. For example, in 1993, Latinos constituted slightly more than one in six (15%) non-migrant, Head Start participants on the U.S. mainland, while almost two-fifths (36%) of enrollees were Black, and one-third (33%) were White. Furthermore, in 1994, Latinos were slightly more than one in eight (13.3%) participants of title II-A adult JTPA employment and training programs, while White participants constituted half (50.8%) and Black participants less than one-third (30.6%) of all participants. In addition, as a proportion of federal employees, Hispanics are underrepresented at all levels of federal employment. Hispanics constitute 6.0% of federal employees, although they were more than 9.5% of the civilian labor force in 1996. Moreover, data suggest that Hispanics are even more severely underrepresented at the state and local levels than at the federal level. As a result, one traditional "career ladder" for minorities to move into the middle class has not been accessible to Latinos.

- **Civil rights protections.** While there are measures which can be advanced to improve the economic status of the nation's Latinos, there are pending policy proposals which threaten to reduce the earnings potential of and exacerbate poverty among Hispanics. For example, Congress is currently considering the elimination of affirmative action programs which assist disadvantaged Latinos in gaining access to education and employment. In addition, last year's immigration law is likely to create further employment discrimination against Latinos at the same time that it weakens civil rights protections. Such policies lead the nation in the wrong direction and threaten to erode the economic and social gains that Hispanics have made.

Conclusion

Demographic trends demonstrate that, in the next century, Latinos will constitute a large and growing proportion of the country's population, workforce, and economy. The future economic prosperity of the United States, therefore, increasingly depends on maximizing the contributions of Hispanic workers, and promoting the well-being of their families and children.

This prosperity, however, is threatened by the large and growing proportion of Latino families and children who live and grow up in poverty. Moreover, the declining income levels experienced by Latinos who "work hard and play by the rules" threaten our fundamental values and sense of fair play. As we enter the new millennium, all Americans need to understand the choices that confront us, and commit to finding solutions.

- As a nation, we can and should choose to make improvements in the economic status of all Americans, including low-wage Hispanic workers, our major public policy priority.
- As a community, Latinos can and should continue to preserve and promote the core values — strong work ethic, entrepreneurial spirit, and commitment to family — which provide the community with the fortitude, courage, and ingenuity to meet and overcome serious challenges.
- As an organization, the National Council of La Raza can and will continue aggressively to support its network of more than 215 community-based organizations to promote economic opportunity and provide essential services; and will continue to hold policy makers accountable for assuring equality of opportunity for all Americans.

Sources

U.S. Bureau of the Census, *U.S. Population Estimates by Age, Sex, Race, and Hispanic Origin: 1990 to 1996*, Washington, DC, April 1997; Day, Jennifer Cheesman, *Population Projections of the United States by Age, Sex, Race, and Hispanic Origin: 1995 to 2050*, U.S. Bureau of the Census, Washington, DC, 1996; "Immigrant Assistance," *The Economist*, March 29, 1997; Labor force data provided by Abraham Mosisa and Tom Hale, Employment and Unemployment Statistics, U.S. Bureau of Labor Statistics, Washington, DC, July 1997; "Latina Businesses Discover Their Rising Ranks," *Hispanic Link Weekly Report*, July 14, 1997; U.S. Bureau of the Census, *1992 Economic Census: Survey of Minority-Owned Business Enterprises (Hispanic)*, Washington, DC, June 1996; Rodriguez, Gregory, *The Emerging Latino Middle Class*, Pepperdine University Institute for Public Policy and AT&T, October 1996; Humphreys, Jeff, "Hispanic Buying Power by Place of Residence: 1990-1997," University of Georgia, Selig Center for Economic Growth, 1997; U.S. Bureau of the Census, "Educational Attainment in the United States: March 1995;" Washington, DC; Poverty-education data provided by Jean Tash, Housing and Household Economic Statistics Division, U.S. Bureau of the Census, Washington, DC, October 1996; U.S. Bureau of the Census, *Money Income in the United States: 1995*, Washington, DC, 1996; U.S. Bureau of the Census, *Statistical Abstract of the United States: 1995*, Table No.732, Washington, DC, September 1995; U.S. Bureau of the Census, *Poverty in the United States: 1995*, Washington, DC, 1996; Enchautegui, Maria E., *Policy Implications of Latino Poverty*, The Urban Institute, Washington, DC, 1995; U.S. Bureau of the Census, "Health Insurance Coverage: 1995," Washington, DC, September 1996; U.S. Department of Housing and Urban Development, *Supplement to the American Housing Survey for the United States in 1993*, Washington, DC, 1996; U.S. Bureau of the Census, "The Foreign-Born Population: 1996," Washington, DC, 1996; Chapa, Jorge, and Dawn A. Jahn et al., "Latino Poverty: Not Just An Immigrant Issue," Association of Public Policy Analysis and Management conference, Washington, DC, October 1993, "Tax Bills That Don't Add Up," *Washington Post*, July 13, 1997; Unpublished data provided by the U.S. Departments of Education and Labor, and the United States Office of Personal Management; Reimers, Cordelia, and Howard Chernick, "Hispanic Employment in Municipal Government," Inter-University Program for Latino Research, University of Texas at Austin, Center for Mexican American Studies, 1990.

BEST COPY AVAILABLE